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## DEFINITIONS AND GLOSSARY OF REAL ESTATE TERMS

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Agency	All State departments, agencies, and institutions.
ANSI Standards	Standards promulgated by the American National Standards Institute.
Automatic Renewal	A lease clause which allows the lease to renew automatically at the end of the lease period, typically if neither party gives notice to terminate the lease within a specified period of time.
Bureau/BRPM	The Bureau of Real Property Management within the Department of General Services, Division of Engineering and Buildings.
Co-location	2 or more agencies occupying space in a singular facility or complex. Co-location may take place in State-owned or leased property under a single lease or multiple leases.
Common Area	Spaces within leased property available for use by all tenants typically found in shopping mall leases.
Common Area Maintenance (CAM)	The expense associated with the maintenance and upkeep of common areas, usually passed on to the tenants on a pro-rated basis.
Consumer Price Index	A measure of the average change in prices over time of a fixed market basket of goods and services. The index is published by the U.S. Dept. of Labor. It is frequently used as a basis for charging rent escalation.
DEB	Division of Engineering and Buildings
DGS	Department of General Services
Escalation Clause	A lease provision which provides for a periodic adjustment of rent typically based on increases in the CPI or a mutually agreed upon constant factor. It may also include increases in operating expenses, real estate taxes, etc.

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Expense Lease	A lease where the Commonwealth is the lessee and pays rent to another party.
Expense Stop	A lease provision which typically limits the lessor's expense obligation, and the lessee pays expenses which occur above a fixed level. However, the lessee may also have an expense stop for expenses to be paid by the lessee.
Expiration Date	Unless otherwise stated in the lease, 11:59 p.m of the final date of the lease term.
Full Service Lease	A lease in which the landlord pays all operating and maintenance expenses usually including utilities, janitorial services, security and refuse removal.
Gross Acres	The total number of acres owned or controlled by a particular party.
Hold Harmless Clause	Also known as an indemnity or indemnification clause, a clause in a contract whereby one party agrees to defend (or pay to defend) another party against specified claims of injury, to pay the claims of injury if necessary and to otherwise assume the liability of the other party. State agencies cannot provide or promise indemnification to other parties.
Land Lease	A lease of land only. For the purposes of this Manual, no improvements except parking are contemplated.
Lease	A contract for the possession and use of property in exchange for payment of rent.
Lease Justification	A document prepared by the agency which details the need for acquisition of leased space for 1) new programs, or 2) existing programs which are being relocated from State-owned space, consolidated/co-located space or space held by the Department of General Services..
Lease Purchase Agreement	A lease which contains a provision giving the lessee the right to purchase the property during or at the end of the term of the lease. State agencies generally cannot enter lease purchase agreements.
Market Analysis	Written documentation noting the results of market surveys, Requests for Proposals, etc. to establish the cost of comparable properties.

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Market Survey	Written documentation provided by the agency to record the price and availability of space in a market where less than 2,500 square feet of space is being sought (when advertising is not required).
Net Lease	A lease whereby the lessee pays all or a portion of the operating and maintenance expenses in addition to the established rent. (Income is "net" to the lessor.) Sometimes referred to as a "net, net, net" lease when the income is entirely net to the lessor.
Notice Date	The date by which the parties to a lease are required to give notice of termination or renewal.
Renewal Option	A lease clause which gives the lessee the right to continue leasing the property at an agreed upon rent and term. It is not an obligation to the lessee.
Rentable Area	All floor areas except those which penetrate between floors, such as stairwells and elevator shafts. (See Figure A.)
Request For Proposal (RFP)	A solicitation package prepared by the agency which outlines in detail the needs of the Commonwealth for leased space. An RFP package is prepared by the agency and distributed as a follow-up to an advertisement soliciting interest in the transaction.
Space Questionnaire (SQ)	Establishes the maximum amount of space allowed under the guidelines approved by the Governor. It also assists the agency in identifying its space needs to satisfy a particular program. The space noted on the form is certified by the agency as being within the guidelines approved by the Governor as required by §4-5.09 of the Appropriation Act.
Standard Work Letter	A document which identifies the amount and quality of work/construction (buildout) to be completed by the Lessor to prepare the space for the Lessee's occupancy. The letter identifies the responsible party for each item to be completed. The letter must be made part of the lease.
State Standard Lease Forms	The acceptable lease form for most State leases. Non-standard leases or substantive changes to the approved form require the approval of the Attorney General's office and BRPM.

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### Subordination Clause

A clause in a lease which subordinates the interest of the tenant to that of a third party, usually a lender. In State leases, such clauses must provide for the continued quiet enjoyment and possession by the State so long as the State is not in default.

### Temporary Lease

A lease with a known and fixed term of less than 6 months.

### Tenant Broker

A real estate broker who purports to represent the tenant rather than the traditional representation of the building owner. Tenant brokers who charge for their services on a commission basis (e.g., from the commissions set aside by the owner for representation by an agent) are presumed to have a conflict of interest in representing the tenant.

### Usable Area

Actual area to be occupied by the tenant. Usable area does not include outside hallways, public restrooms, common areas, etc. which constitute the rentable area. It does however include the interior circulation area. (See Figure B)

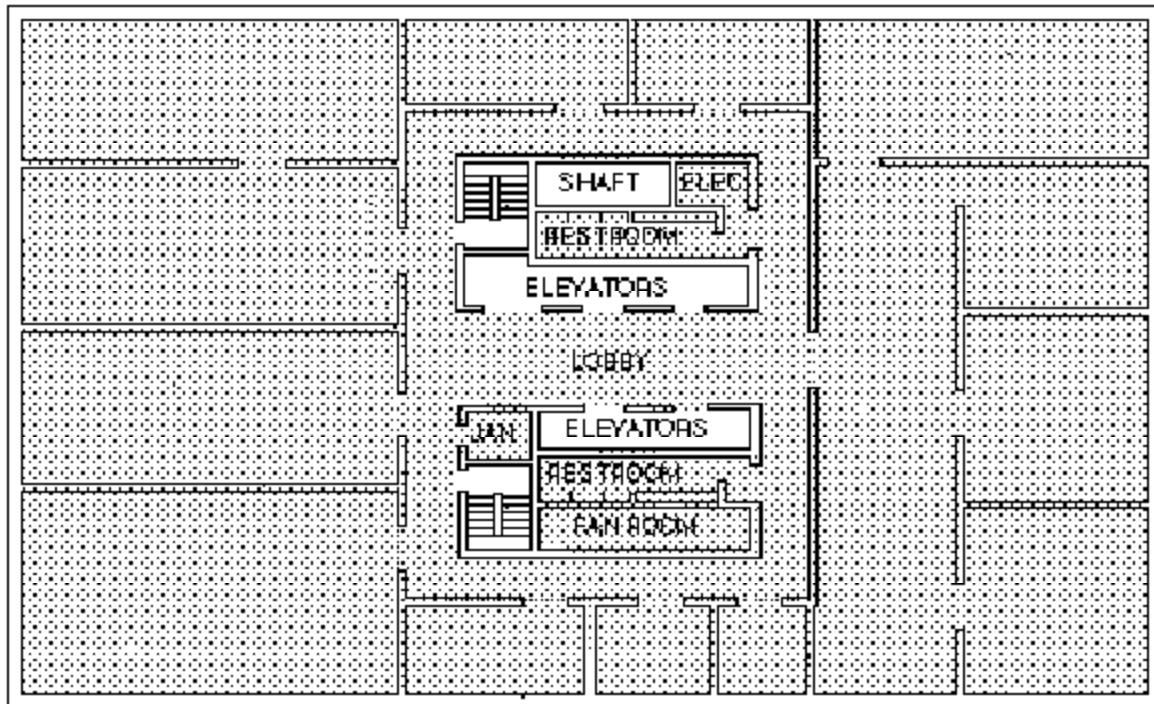


FIGURE A. RENTABLE AREA SHADED

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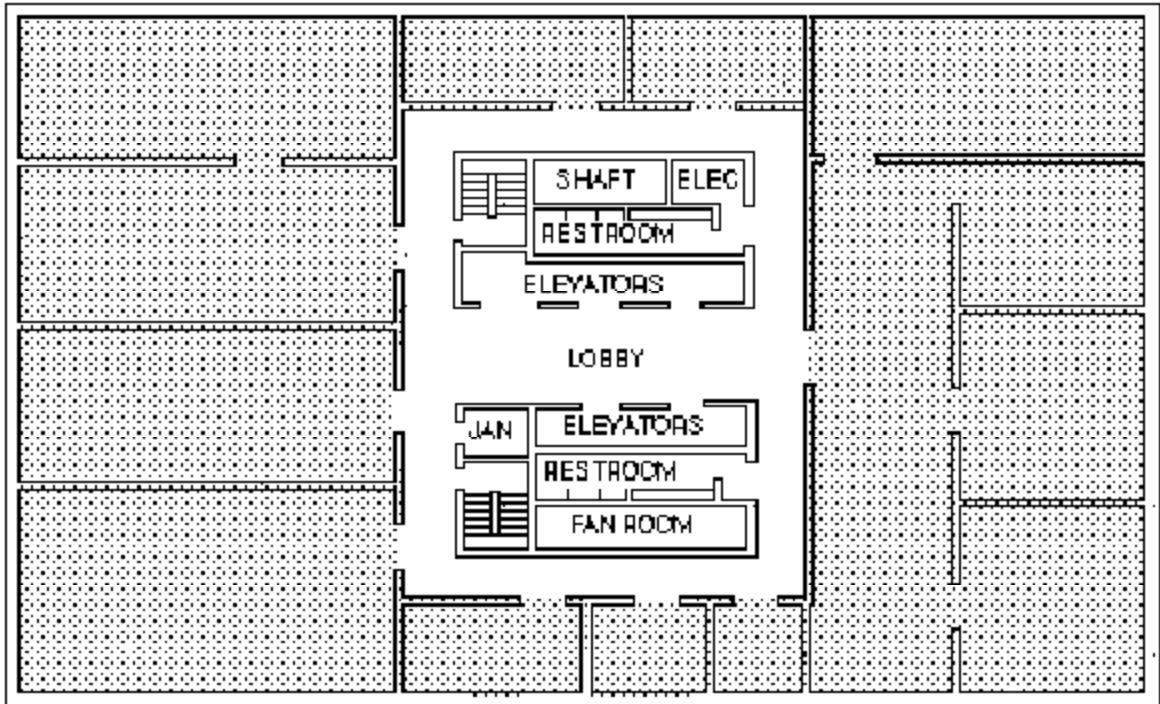


FIGURE B. USABLE AREA SHADED